

Congress of the United States  
U.S. House of Representatives  
Committee on Small Business  
2561 Rayburn House Office Building  
Washington, DC 20515-6515

April 11, 2022

The Honorable Isabel Casillas Guzman  
Administrator  
United States Small Business Administration  
409 3<sup>rd</sup> Street, SW  
Washington, D.C. 20416

Dear Administrator Guzman:

I am continuing my oversight of the Small Business Administration's (SBA) pandemic relief efforts. For over a year now, I have communicated my concerns both in writing and during Committee hearings regarding the ability of the SBA to address what appear to be systemic issues within the agency's pandemic relief programs. From the Paycheck Protection Program (PPP) management to Economic Injury Disaster Loan (EIDL) fraud, there remain numerous concerns with how the SBA is addressing these issues.

More specifically, I am concerned with the apparent lack of commitment and follow through, from those under your charge, to addressing clearly identified problems. For over a year, the Government Accountability Office (GAO) has maintained its concern that the SBA had not yet named a lead entity to implement the best practices for fraud risk management.<sup>1</sup> It wasn't until April 1<sup>st</sup> of this year, that you finally announced new measures to address fraud within the pandemic relief programs.<sup>2</sup> One of your newly announced measures, the appointment of a "Special Counsel [to] oversee enhanced strategies," suggests that the SBA is finally recognizing efforts over the past year have fallen short.<sup>3</sup>

While I await to see what the newly appointed Special Counsel can accomplish in her new role, I am left to wonder how much more taxpayer money could have been saved had you only acted sooner. On March 16<sup>th</sup> of this year, the Committee heard testimony from Mr. William Shear, the Director of Financial Markets and Community Investment for the GAO. In that hearing, Director Shear testified that for over a year, GAO has recommended that the SBA name

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<sup>1</sup> *An Empirical Review of the Paycheck Protection Program Before the Subcomm. On Oversight, Investigations, and Regulations of the H. Comm. On Small Business*, 117<sup>th</sup> Cong. (2022) (statement of William Shear, Director, Financial Markets and Community Investment, U.S. Government Accountability Office).

<sup>2</sup> Press Release, U.S. SMALL BUS. ADMIN., Administrator Guzman Announces Expanded Efforts to Aggressively Crack Down on Bad Actors and Prevent Fraud in Programs (April 1, 2022) (on file with author).

<sup>3</sup> *Id.*

a lead entity to implement GAO fraud risk management best practices.<sup>4</sup> While your recent announcement does finally name that lead entity, there remain concerns that it is “very late in the game to be doing that.”<sup>5</sup>

You also announced the recent creation of the SBA Fraud Risk Management Board, established to serve as the designated anti-fraud entity responsible for oversight and coordination of the SBA’s activities.<sup>6</sup> The additional efforts to address fraud are noted but once again, the SBA’s response is from a reactive posture rather than proactively developing solutions to safeguard taxpayer dollars. Considering the length of time it could take to recover fraudulently obtained pandemic relief funds, the SBA should be proactive in developing a more comprehensive, strategic, and informed approach to fraud risk management.<sup>7</sup>

These announcements follow months of letters and requests for information from myself and republican members of the Committee so that we may better understand your efforts to address what is being referred to as the “[b]iggest fraud in a generation.”<sup>8</sup> To help inform the Committee’s ongoing oversight of these issues, as well as to better inform the Committee’s legislative efforts in response, I request you produce the following documents and information no later than April 25, 2022:

1. Peggy Delinois Hamilton has been appointed to serve as SBA Special Counsel for Enterprise Risk to advise you on fraud risk management activities across the agency. Who, if anyone, advised you on fraud risk management activities across the agency prior to Special Counsel Hamilton’s appointment? Please include names and titles for any responsive individuals.
2. If any individuals were responsible for advising you directly on fraud risk management across the agency prior to Special Counsel Hamilton’s appointment, on what date did you decide to replace the individual(s) with Special Counsel Hamilton?
3. Please explain the reporting chain between Special Counsel Hamilton, the Fraud Risk Management Board, the Enterprise Risk Management Board, and yourself.
4. Please provide the names of all individuals currently serving on the Fraud Risk Management Board and the Enterprise Risk Management Board.
5. Who is the most senior SBA official tasked with implementation of OIG recommendations related to pandemic fraud risk management? How long have they served in this role and who served in the role prior?

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<sup>4</sup> *An Empirical Review of the Paycheck Protection Program*, supra note 1.

<sup>5</sup> *Id.*

<sup>6</sup> *Supra* note 2.

<sup>7</sup> *An Empirical Review of the Paycheck Protection Program*, supra note 1; see also Hannibal “Mike” Ware, SBA’s Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program, 7 (U.S. Small Bus. Admin. Office of Inspector General May 6, 2021) (Discussing how the collaborative process to secure a warrant to seize fraudulent SBA pandemic relief funds can take up to a year).

<sup>8</sup> Ken Dilanian & Laura Strickler, *Biggest Fraud In a Generation: The lotting of the Covid relief plan known as PPP*, NBC News (Mar. 28, 2022, 3:59 PM), <https://www.nbcnews.com/politics/justice-department/biggest-fraud-generation-looting-covid-relief-program-known-ppp-n1279664>.

6. Who, if anyone, is the most senior SBA official tasked with communicating and/or coordinating with the White House regarding SBA pandemic fraud?
7. Who, if anyone, is the individual responsible for collecting and maintaining an up-to-date number of COVID small business program dollars that have been recovered thus far?

I also request Special Counsel Hamilton provide a briefing to further explain her role and her plan to address pandemic fraud differently than SBA had previously been doing.

When producing documents, please deliver production sets to Room 2069 of the Rayburn House Office Building. We would prefer, if possible, to receive all documents in electronic format.

If you have any questions about this request, please contact David Planning of the Committee Staff at (202) 225-5821. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Blaine Luetkemeyer', with a long horizontal line extending to the right.

Blaine Luetkemeyer  
Ranking Member